



CITY OF CONCORD

NEW HAMPSHIRE

City Hall - 41 Green Street - Concord, NH 03301 - tel. (603) 225-8510 - fax (603) 228-2701

Revised 7-28-10

COMMUNITY DEVELOPMENT ADVISORY COMMITTEE MINUTES

May 26, 2010

The meeting was convened at 12:10 P.M. in the Second Floor Conference Room, City Hall, 41 Green Street, Concord, NH 03301.

Present: Jeff Bart, Elizabeth Blanchard, Mark Coen, Leo Fraser, Michael Gfroerer, and Nadine Salley

Absent: Allen Bennett, Amanda Grady, and Janet Sprague

Staff: Matt Walsh, Assistant for Special Projects
Joia Hughes, Consultant
Bev Rafferty, Administrative Assistant

1. Introduction of newest CDAC member - Leo Fraser:

Chairperson Bart welcomed Leo Fraser, newly appointed member of CDAC, and the members of the committee and staff introduced themselves and also welcomed Mr. Fraser to the CDAC.

2. Minutes of April 21, 2010 meeting:

Elizabeth Blanchard made a motion to accept the minutes as written; seconded by Mark Coen; motion passed unanimously.

3. CATCH 2010 CDBG Grant Application:

At this time Chairperson Bart asked Joia Hughes to provide some background information about the Community Development Block Grant (CDBG) program to help Mr. Fraser become more familiar with CDAC's duties and responsibilities.

Joia Hughes explained that there are two application rounds: one in January and one in July. She noted that in April and October the city sends out letters to various non-profits, days cares, etc. requesting proposals for these funds and then CDAC determines which proposal(s) will be submitted to City Council for authorization to apply to the NH CDFA.

Matt Walsh explained that municipalities, except entitlement communities, are eligible to apply for federal funds up to \$500,000 a year from the NH Community Development Finance Authority (CDFA) Community Development Block Grant program.

Ms. Hughes explained that in January 2010, the city applied on CATCH's behalf for a grant to build affordable housing in conjunction with the Sanel Block project being undertaken by Steve Duprey. The CATCH project has been awarded by the NH Community Development Finance Authority; the contract would be electronically uploaded to CDFA this afternoon for processing by the Governor & Council. She also noted that this project has received tax credits from the NH Housing Finance Authority.

This is an \$8 million project of which \$450,000 is from CDBG funds. Ms. Hughes noted that the CDBG monies will not be the first monies in as other financial resources will be used up front; the grant monies will be used for acquisition purposes.

Mr. Fraser inquired how the financing documents were handled as he had served as a selectman in Pittsfield for many years and knew there should be a specific process required by the grant agreement. Bev Rafferty explained that the Community Development office would issue a purchase order to CATCH when the contract is approved by Governor & Council and then as payment requests come in from CATCH, she enters the payment information into the city's financial system, it is then passed to Matt Walsh for approval, then on to the Finance Department for final approval and issuance of the check. Ms. Rafferty also noted that when the NH CDFA does monitoring visits on the grants, they will review the City's process for issuing payments to ensure that it complies with CDFA regulations.

The city now waits for the approved contract and then will issue the purchase order to CATCH.

4. Fisherville Cooperative 107 - Possible Joint Grant And Loan Application:

Joia Hughes informed CDAC that she had visited last week with the President and Treasurer of the Fisherville Cooperative 107 and a representative of the NH Community Loan Fund. This is a mobile home park that the city assisted several years ago with a loan. There are 56 units in the park and they need to replace their sewer lines and since the roads will need to be torn up for that, it was felt the water lines and utilities should be done at the same time as well.

She noted that the Co-op has an excellent repayment record with the city. She continued that the original estimate was \$960,000 but the engineer reviewed the work to be done and the estimate is now at \$1.4 million. Of this total, \$500,000 would be from the CDBG funds and the Co-op would contribute approximately \$100,000. However, it is unclear how the remaining funds would be secured for the project.

Ms. Hughes stated that staff is leaning towards earmarking the City's January 2011 grant application opportunity for the Cooperative. She added that although this is not the typical process followed by the city and this grant request is not coming in during the regular proposal process there are extenuating circumstances due to threats to public health due to the situation. CDAC inquired about collateral and Ms. Hughes noted that the loan is not made on the homes but rather the value of the land owned by the cooperative. If a loan is awarded, that additional cost would have to be spread out

over the 56 units in the park. Some members inquired if the residents could afford an increase in their lot rent.

Ms. Hughes noted the residents currently pay \$250/month for lot rent and if the loan was approved, \$1,100/month would have to be paid back leaving the cooperative with \$1,100 a month in their cash flow. They have no where else to go.

Ms. Hughes also noted she feels the numbers are very conservative at this time. She continued that if the city is going to pursue this grant application, it cannot be submitted until January 2011 as there is only \$50,000 in eligibility left in the 2010 rounds due to the city having been awarded \$450,000 for the CATCH project. That means the Fisherville Co-op project may not be underway until June 2011 so it will give the Co-op some time to raise some funds.

Ms. Hughes informed CDAC that the sewer is failing and needs to be replaced; electric and other utilities could be upgraded at the same time. It was explained that local engineering firm Provan & Lorber developed the estimate for the project which includes water lines, hydrants, sewer mains, ledge, and road reconstruction. She continued this will be a time consuming grant writing project. In October the city would be sending out requests for proposal letters and anyone that has a project could submit a proposal at that time. If CDAC prefers to just work with the Co-op and plan to submit a grant application request on their behalf to City Council, the City would forego its normal proposal solicitation process. If the CDAC does not wish to proceed with the Co-op, it will give them time to go some where else to get funding, like the County.

Michael Gfroerer inquired if the city would risk running the danger of someone suggesting that we favored the Co-op and did not give another party a chance at the grant funds but Joia Hughes noted the city is under no obligation to even request proposals - it is just a service we offer.

Ms. Hughes noted that an income survey had been completed and 81% of the surveys were returned. Of the ones returned, 74% were low/mod income and the grant only requires 51%. Liz Blanchard inquired if the roads in the park were private and Matt Walsh noted they were and would remain that way.

Joia Hughes also commented that the park had not been managed very well and the new board members who recently took control are committed to getting the Co-ops financial house in order.

Chairperson Bart inquired if there were any other options and Nadine Salley noted there were really none. The USDA Rural Development cannot assist as Concord is not considered rural.

Ms. Salley also noted that the city would be helping several families with a health related issue. Ms. Hughes noted that the scoring of the grant application would be good, however, the one set back is that it is in Concord so that would lower it somewhat. She also noted that the engineer has written that the sewer lines are

“paper” lines and has determined there is some leaking and one section of the grounds is saturated. She reiterated that this has been going on since 2003. Liz Blanchard inquired if there is a methane gas issue here but there is not as the homes have no basement/cellar so methane gas is not an issue in this case.

Chairperson Bart inquired what is the possibility that the Co-op could raise \$900,000. Ms. Hughes noted it is not going to happen unless they take on more debt which they cannot afford to do. Their current loan with the city is \$911/month; if a new loan is issued, the payment would increase to \$1,100/month.

Chairperson Bart inquired about the numbers once again. A \$1.4M project; \$500,000 from CDBG, \$300,000 possibly from the revolving loan fund; \$160,000 from the co-op's cash and that still leaves several hundred thousand of dollars to be raised from some where else. Matt Walsh noted that even with the grant, loan monies, etc., the Co-op may still not have enough to make the project go. Mr. Walsh suggested a possible joint grant with Merrimack County in order to increase the CDBG amount to \$1 million.

Chairperson Bart inquired how joining the County would affect the scoring and Ms. Hughes noted she would have to do more research and come back to CDAC in June with more information.

Leo Fraser inquired if Joia Hughes had any idea how many residents of the park were senior citizens on a fixed income. Ms. Hughes did not have that information but said she could find out. Discussion ensued noting there is a huge amount of money involved in this project. Chairperson Bart noted he would like to see the city do something but we need more information.

After some brief further discussion, Ms. Hughes informed CDAC she would report back to them in June with more information. She also noted that Concord Housing Authority may have two projects coming in for grant funding but that she and Matt Walsh will talk with them about other financing options.

5. Revolving Loan Fund:

- **Jack and Pamela Shephard loan request:** Joia Hughes reviewed her report and gave a brief background on this loan request. This request is to connect the home to the city's sewer system as the septic system is failing and every time it rains, the odor of methane gas comes in the home. She noted this situation needs immediate attention. However, when she brought this request to CDAC last month there were some concerns. She explained that the service connection fees to the city total \$3,645 and the sewer work and trees removed, etc. quote was \$5,250 making a total loan request of \$8,895. She explained the situation with the names on the deed for the property, the Shephard's financial status, and other minor items that might affect CDAC's decision on this request. She continued that the numbers do not meet the credit rating threshold and the debt-to-income ratios in the Program Income Reuse Plan (PIRP). She informed CDAC that the home has an assessed value of \$252,500 and that a home in the neighborhood sold in 2008 at \$229,000 so

she estimates a \$30,000 equity in the home but for the bankruptcy. She noted her numbers might be conservative.

This is definitely a health and safety issue. Chairperson Bart inquired if repairing the system would be less expensive but Matt Walsh noted it would probably cost more. As there is also a tax payment arrearage issue with this property. Mark Coen inquired if the city could require payment of the property taxes to current status before a loan would be issued. This has been checked out in the past and the City Solicitor has informed staff that the city cannot deny public assistance or services to residents even if they are behind in their tax payments.

There was discussion that there are ample grounds to deny this loan request. Discussion ensued as to what might happen if the loan was not granted, and some speculated they may be forced to condemn the property. Nadine Salley noted if the Shephard's had filed a chapter 17 bankruptcy, the Trustee should be paying the taxes. She questioned why the Trustee is not telling them to get this fixed.

Discussion ensued and it was noted that the CDAC is, again, the "last resort". Nadine Salley inquired that, instead of condemnation, can the city force them to hook up to the city sewer system and put a lien on the home so if they sell, that's when the city would get its money? Matt Walsh noted that State Law allows the City to condemn a property and lien it for all expenses incurred to fix or demolish the building. However, Mr. Walsh speculated that getting the City Council to appropriate the funds to repair the property is unlikely.

Joia Hughes noted that based on her analysis of the applicant's financial resources there is no reason the Shephard's cannot make the payment; however their credit history indicates they will choose not to.

Joia Hughes noted she had run some figures based upon a \$8,895 loan for a 15 year term at 3% interest. Discussion ensued. Several members felt that CDAC was the last resort to remedy this issue. However, given the poor financial record of the applicant, several members thought that a higher interest rate more reflective of the City's level of risk would be appropriate. Michael Gfroerer made a motion to approve the loan for \$8,895 at 6% interest for 15 years; Leo Fraser seconded; the motion passed unanimously.

- Outstanding Loans Report and Account Balance Report: Bev Rafferty gave a brief overview of the outstanding loans and their respective status. Joia Hughes gave a report on 161 Hoit Road (Ms. Parrott) and the work that has been accomplished on her home since she received her recent loan. Ms. Parrott had e-mailed Joia about the progress and how happy she was to have received this loan from the city.

6. Other Business:

Electronic mailings of CDAC agenda packages: Staff inquired if e-mailing the CDAC agenda packages would work for the members. Nadine Salley and Liz

Blanchard would prefer hard copies but double siding the documents would be preferred to help reduce postage costs.

June meeting: It was decided that unless it was absolutely necessary to have a June meeting, one would not be held. Staff will notify members when the date gets closer.

There was no other business brought before CDAC today.

7. Adjournment

There being no other business brought before CDAC, and upon a motion duly made and seconded, with unanimous approval, the meeting adjourned at 1:10 P.M.

Respectfully Submitted,

Beverly A. Rafferty
Administrative Assistant